

From: "Tom Pohlman" <tomp@fnbames.com> on 03/22/2004 12:50:42 PM
Subject: Regulation BB - CRA

Tom Pohlman
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Dear Federal Reserve :

I am writing on behalf of First National Bank, a national bank located in Ames, Iowa. Our customer base is primarily middle income while our lending activities are broad based and include commercial, consumer and real estate lending. Our current asset size is \$385MM with a loan portfolio of \$175MM. We applaud and appreciate the proposed amendments to the Community Reinvestment Act being made by the Office of Comptroller of the Currency, Federal Reserve Board, Federal Deposit Insurance Corporation and Office of Thrift Supervision, "the Agencies." We also appreciate the Agencies' recognition and understanding of the challenges faced by community banks in meeting the requirements of the ever-growing number of compliance regulations.

Increasing the asset size of banks eligible for the small bank CRA exam from \$250 million to \$500 million and eliminating the holding company size limitations will go along way in reducing the regulatory burden of many small banks, including my institution. It is ridiculous to compare a bank with a few branch locations and total assets of \$250 million to a bank with hundreds of locations and billions of dollars in assets under the same exam process. Small banks simply do not have the resources (money, manpower, technology) to compete with these large institutions under the large bank test. To many times a community bank, that has served its local community well, is not afforded the recognition it deserves simply because it is compared with huge multi-million dollar organizations. Just as the community investment abilities of small and large banks differ, so do the needs of the small and large communities they serve. The ripple affect of smaller dollar projects in a rural community may far outweigh a multi-million dollar investments' impact a metropolitan area, yet the small community bank's CRA rating often does not reflect this.

I also support the elimination of the bank holding company asset size threshold. Many banks maintain their own charter, management and operational processes when purchased by a large holding company. They "inherit" the regulatory requirements of the holding company but do not always benefit from the holding company's resources for complying with these requirements.

Increasing the size of banks eligible for the small-bank streamlined CRA exam does not relieve banks from CRA responsibilities. The growth and survival of the bank is intertwined with the growth and survival of the community. The change merely reduces the reporting requirements and costs for small bank, freeing up more time and money that can be better spent in service to the community the bank is located.

Today's community banks are drowning in regulatory red tape, utilizing valuable resources to meet regulatory compliance mandates that could be put to much better use for economic and community development purposes in

the communities they serve. Thank you for recognizing this and proposing the changes to the Community Reinvestment Act.

Sincerely,

Tom Pohlman